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C O N F I D E N T I A L SECTION 01 OF 03 YEREVAN 000145

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SUBJECT: PRESIDENT INVITES EU ENVOY BACK FOR SENSITIVE TALKS

REF: A. YEREVAN 142

1B. YEREVAN 26

1C. YEREVAN 71

YEREVAN 00000145 001.2 OF 003

Classified By: AMB Marie Yovanovitch, reasons 1.4 (b,d).

SUMMARY

11. (C) Peter Semneby, the EU's Special Representative to the South Caucasus, provided the Ambassador a read-out of his conversations with President Sargsian and opposition leader Levon Ter-Petrossian. Semneby is trying to facilitate a dialogue between the president and the opposition that could lead to release of the detainees and a more constructive approach to dealing with Armenia's challenges.

12. (C) After his publicized February 18-20 visit to Armenia, Semneby says President Sargsian asked him to return February 24 for a more informal discussion. Semneby stated to the Ambassador that Sargsian plans no release of the political detainees; displays little concern over the potential conflation of the looming economic crisis with the internal situation; and has ruled out any near-term movement on resolution of the NK conflict because of a growing "lack of trust." However, Semneby felt that in spite of Sargsian's tough talk, the president appears to be looking for options that would provide him a suitable way out of his domestic political predicament. END SUMMARY.

PRESIDENT INVITES ENVOY BACK

13. (C) Peter Semneby, EU High Representative Javier Solana's Special Representative to the South Caucasus, briefed the Ambassador February 25 on his two rounds of meetings with President Sargsian and his conversation with ex-President Levon Ter-Petrossian (LTP). Semneby said that Sargsian had asked Semneby to return to Yerevan, apparently for a follow-up dinner conversation in a smaller group. Semneby felt Sargsian had been uncomfortable speaking freely in the formal meeting with representatives of the EU's troika the week before. (NOTE: That meeting was attended by Semneby, Poland's Ambassador to Armenia who was representing the EU presidency, the French Ambassador to Armenia, and the European Commission Ambassador to Armenia. It was unclear if Sargsian's reticence had been a function of the participants, or of the formal setting of the earlier meeting, as opposed to the informal dinner setting of the second meeting, which featured all the same participants except the French Ambassador. END NOTE)

DINNER TALK FOCUSES ON ECONOMIC, POLITICAL SITUATIONS

¶4. (C) Semneby said that President Sargsian appeared less concerned about the potential local impact of the global economic crisis on Armenia, as well as its possible conflation with the domestic political situation, than his Prime Minister, whom Semneby had met the week before. Semneby said the president displayed none of the gloom and doom evinced by his prime minister, who expressed concern that the economic crisis could snowball into a serious social then political crisis. Semneby said he thought Sargsian sensed the economic crisis could become a political issue, but was apparently not seized by the possible scenario -- at least not yet.

¶5. (C) Semneby told the Ambassador that the president plans no backing down on the domestic political front. Semneby said the president told him that he will accept amendments to the controversial articles 225 (mass disorders) and 300 (usurpation of power) of Armenia's criminal code ONLY if they do not result in the release of the seven oppositionists, who include three current MPs and a former foreign minister. (COMMENT: This flies in the face of earlier indications (see Refs B and C, for example) that the criminal code amendments would be used to release or reduce charges against the political detainees. Sargsian's words to Semneby suggest either a change in GOAM thinking, that the earlier indications were wrong, or perhaps that Sargsian is taking a tougher rhetorical line with Semneby for some tactical reason.) PACE's Monitoring Committee is set to review GOAM compliance with its late January recommendations in early April. END COMMENT)

¶6. (C) Semneby said that in spite of the president's hardball talk, he senses that Sargsian is nonetheless looking for "a way out of the box" of his domestic predicament, and that he is weighing his options. Semneby said Sargsian's preferred

YEREVAN 00000145 002.2 OF 003

option is to see the "Case of Seven" carried through to the end, that it result in convictions, and that he then be in the position to issue pardons. The Ambassador probed Semneby on whether he really thought Sargsian would release the seven in the end, given his track record of rejecting compromise with the opposition and wanting to always appear in control of the political situation. Semneby said he was more optimistic, based on his feeling that Sargsian was actually "a bit afraid" of the consequences of not solving the situation, and sooner, rather than later. Semneby said it was apparent to him that the authorities were internally debating options amongst themselves as to a feasible way out.

NO NEAR-TERM MOVEMENT ON NK

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¶7. (C) President Sargsian told Semneby that there is "no possibility" of movement in the near future on NK. Sargsian said the recent toughening of the public Azerbaijani position -- in the form of bellicose public statements asserting Baku's right to settle the conflict by all means, including military -- had made him lose trust. Sargsian said a pattern had formed whereby his productive, frank meetings with Aliyev were then inexplicably followed by bellicose statements from Aliyev and other senior Azerbaijani officials that made him call into question Aliyev's true intentions on NK.

LTP BECOMING MORE STATESMANLIKE?

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¶8. (C) During his February 18-20 visit, Semneby visited LTP hoping -- as he put it -- to facilitate a dialogue between the authorities and the opposition, and to urge LTP to send Sargsian a constructive message during his upcoming March 1 rally. (NOTE: Semneby also paid a prison visit to LTP's campaign manager during the 2008 presidential election, ex-Foreign Minister Alexander Arzumanyan. END NOTE) Semneby said that in contrast to prior meetings, LTP appears to have now assumed a more statesmanlike attitude towards the

political situation, pledging to Semneby that he would not criticize Sargsian on his approaches to solving NK or normalizing relations with Turkey. Semneby told the Ambassador that LTP might also give the president a pass on the economic crisis as well during the March 1 rally, although there would continue to be contentious issues.

¶19. (C) Semneby said for LTP and his Armenian National Congress opposition movement, the issue of the political detainees was "an open wound" and the main obstacle to be resolved before the ANC can enter into talks with the authorities. On his visit with Arzumanian, Semneby said the ex-foreign minister was not averse to being released by pardon or amnesty, but cautioned the EU envoy that if the authorities convict him and the six others first, the political crisis would only be sharpened and give the opposition a new opportunity to attack the authorities. Semneby was set to meet LTP again later in the day, and told the Ambassador he expects to return in early March to continue his efforts at facilitating dialogue between the two parties. Semneby opined to the Ambassador that he thought a "constructive signal" to the authorities from LTP -- which he would encourage LTP to provide -- during the upcoming rally would find receptive ears in President Sargsian, whom Semenby finds to be rather open and flexible in his thinking, at least privately.

¶110. (C) Semneby also said that he thought there was a possibility of movement and/or dialogue on the political detainees within the next several weeks, but did not say what he based this supposition on. The Ambassador reiterated her doubts about such a development, but said the USG was ready and willing to support any breakthrough between the two sides. The Ambassador noted, however, that the GOAM was about to get a dose of bitter medicine from the United States on human rights and democracy, and referred to the release of the 2008 Human Rights Report later in the day which was hard-hitting on Armenia.

COMMENT

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¶111. (C) While not labeling his actions as "mediating," Semneby is clearly trying to play that role and effect a reconciliation between the President and opposition. We have heard many of the same things before from Sargsian. We find it interesting that Semneby nevertheless puts a positive interpretation on these conversations and expects to see a breakthrough soon. We don't quite know how to assess Semneby's conversations, but wanted to alert Washington to his worthwhile efforts. If Semneby has a gameplan, he did

YEREVAN 00000145 003.2 OF 003

not share it with us, and we sincerely hope he is not flying blind.

¶112. (C) Semneby is an intelligent interlocutor, with long experience of visiting the region, but handicapped by the fact that he parachutes in for brief visits and by the fact that he lacks any real institutional horsepower within the European Union -- he has no credible carrots or sticks to bring to the table. Semneby has good access, but seems sometimes too ready to take local interlocutors' statements at face value, and sometimes lacking the proper context and background knowledge to detect nuances or misdirection. That said, he plays a useful role as a non-threatening honest broker between sides that have too few channels to convey messages. It is possible that Armenian interlocutors may use Semneby as a sounding board to test Western reactions. Alternatively, perhaps they may sometimes be more frank with him than with interlocutors with whom the relationship stakes are higher.

YOVANOVITCH